

In this issue:

Cattle on Feed & Market Implications

Kansas Cattle On Feed

The number of **cattle on feed** on December 1, 2003 in Kansas feedlots with 1,000 head or more capacity totaled 2.48 million head, up 8 percent from a year ago and up 2 percent November 1, 2003. **Placements** during November totaled 425,000 head, up 1 percent from a year ago but 25 percent below October 2003 placements of 570,000 head. **Marketings** during November totaled 350,000 head, 11 percent below from November 2002 and 15 percent below October 2003. **Other disappearance** was 25,000 head, unchanged from a year ago but down 5,000 from the previous month. The percent of November placements by weight were: under 600 pounds, 31 percent; 600-699 pounds, 31 percent; 700-799 pounds, 25 percent; and 800 pounds or heavier, 13 percent.

U.S. Cattle On Feed

**Cattle and calves on feed** for slaughter market in the United States in feedlots with capacity of 1,000 or more head totaled 11.3 million head on December 1, 2003. The inventory was up 4 percent from the 10.90 million head on December 1, 2002 but 5 percent below December 1, 2001. **Placements** in feedlots during November totaled 1.93 million, 3 percent below 2002 but 1 percent above 2001. Net placements were 1.83 million. During November, placements of cattle and calves weighing less than 600 pounds were 680,000; 600-699 pounds were 578,000; 700-799 pounds were 379,000; and 800 pounds and greater were 289,000. **Marketings** of fed cattle during November totaled 1.54 million, 11 percent below 2002 and 15 percent below 2001. **Other disappearance** totaled 97,000 during November, 8 percent above 2002 and 21 percent above 2001.

Cattle On Feed, Placements, Marketings, And Other Disappearance,  
1,000+ Head Capacity Feedlots, Selected States and United States, November - December 2002 - 2003

| State           | Number on Feed <sup>1</sup> |                   |                   |              | November<br>Placements | November<br>Marketings | Other<br>Disappearance<br>during November <sup>2</sup> |                   |                   |                   |
|-----------------|-----------------------------|-------------------|-------------------|--------------|------------------------|------------------------|--|-------------------|-------------------|-------------------|
|                 | Nov 1<br>2003               | December 1        |                   |              |                        |                        |  |                   |                   |                   |
|                 |                             | 2002              | 2003              | % of<br>2002 | 2002                   | 2003                   | 2002   | 2003              |                   |                   |
|                 | <i>1,000 Head</i>           | <i>1,000 Head</i> | <i>1,000 Head</i> | <i>(%)</i>   | <i>1,000 Head</i>      | <i>1,000 Head</i>      | <i>1,000 Head</i>                                      | <i>1,000 Head</i> | <i>1,000 Head</i> | <i>1,000 Head</i> |
| AZ .....        | 278                         | 295               | 284               | 96           | 32                     | 26                     | 24   | 19                | 3                 | 1                 |
| CA .....        | 495                         | 500               | 500               | 100          | 65                     | 62                     | 50   | 52                | 5                 | 5                 |
| CO .....        | 1,050                       | 1,070             | 1,060             | 99           | 190                    | 185                    | 170  | 165               | 10                | 10                |
| ID .....        | 295                         | 300               | 310               | 103          | 60                     | 64                     | 53   | 47                | 2                 | 2                 |
| IA .....        | 350                         | 350               | 370               | 106          | 80                     | 77                     | 63   | 56                | 2                 | 1                 |
| <b>KS .....</b> | <b>2,430</b>                | <b>2,300</b>      | <b>2,480</b>      | <b>108</b>   | <b>420</b>             | <b>425</b>             | <b>395</b>   | <b>350</b>        | <b>25</b>         | <b>25</b>         |
| NE .....        | 2,140                       | 2,180             | 2,280             | 105          | 410                    | 410                    | 330  | 260               | 10                | 10                |
| NM .....        | 118                         | 123               | 121               | 98           | 18                     | 22                     | 11   | 17                | 1                 | 2                 |
| OK .....        | 350                         | 340               | 350               | 103          | 55                     | 56                     | 53   | 51                | 2                 | 5                 |
| SD .....        | 177                         | 195               | 200               | 103          | 56                     | 54                     | 30   | 30                | 1                 | 1                 |
| TX .....        | 2,840                       | 2,700             | 2,840             | 105          | 470                    | 440                    | 475  | 410               | 25                | 30                |
| WA .....        | 195                         | 195               | 205               | 105          | 40                     | 46                     | 29   | 35                | 1                 | 1                 |
| Oth Sts .....   | 320                         | 350               | 330               | 94           | 81                     | 59                     | 48   | 45                | 3                 | 4                 |
| U.S.            | 11,038                      | 10,898            | 11,330            | 104          | 1,977                  | 1,926                  | 1,731  | 1,537             | 90                | 97                |

<sup>1</sup> Being fattened for slaughter market on grain or other concentrates to grade select or better. <sup>2</sup> Includes death losses, movement from feedlots to pastures and shipments to other feedlots.

Cattle On Feed: Number Placed On Feed By Weight Group,  
1,000+ Head Capacity Feedlots, Selected States and United States, November 2002-2003

| State              | Placed in November |                   |                   |                   |                   |                   |                   |                   |                   |                   |
|--------------------|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|                    | Under 600 lbs.     |                   | 600-699 lbs.      |                   | 700-799 lbs.      |                   | 800 Plus lbs.     |                   | Total             |                   |
|                    | 2002               | 2003              | 2002              | 2003              | 2002              | 2003              | 2002              | 2003              | 2002              | 2003              |
|                    | <i>1,000 Head</i>  | <i>1,000 Head</i> | <i>1,000 Head</i> | <i>1,000 Head</i> | <i>1,000 Head</i> | <i>1,000 Head</i> | <i>1,000 Head</i> | <i>1,000 Head</i> | <i>1,000 Head</i> | <i>1,000 Head</i> |
| CO .....           | 58                 | 72                | 60                | 45                | 43                | 40                | 29                | 28                | 190               | 185               |
| <b>KS .....</b>    | <b>95</b>          | <b>130</b>        | <b>155</b>        | <b>130</b>        | <b>110</b>        | <b>110</b>        | <b>60</b>         | <b>55</b>         | <b>420</b>        | <b>425</b>        |
| NE .....           | 113                | 128               | 142               | 138               | 70                | 63                | 85                | 81                | 410               | 410               |
| TX .....           | 141                | 155               | 188               | 150               | 114               | 100               | 27                | 35                | 470               | 440               |
| Other States ..... | 182                | 195               | 115               | 115               | 80                | 66                | 110               | 90                | 487               | 466               |
| U.S. ....          | 589                | 680               | 660               | 578               | 417               | 379               | 311               | 289               | 1,977             | 1,926             |



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#### **MARKET IMPLICATION -Provided by Jim Mintert, Extension Ag Economist at KSU - Research & Extension Service**

A dramatic reduction in U.S. per capita beef supplies (net of imports and exports) helped set the stage for this fall's wild ride in the cattle markets. Preliminary estimates of per capita beef supplies available to U.S. consumers this fall indicate they were about 8 to 8.5% smaller than last year. Moreover, the dramatic reduction in U.S. cattle slaughter (-8.3% vs. a year ago) this fall and lighter cattle weights (steer weights down 3.3% vs. fall 2002) not only helped pushed boxed beef prices higher, it led to narrower price spreads as packers competed aggressively for sufficient cattle volume to keep plants operating efficiently. Strong consumer demand for beef also contributed to this fall's price strength, although it's clear that the supply effect was larger than the demand effect. The result was a Kansas slaughter steer fall quarter price average of \$99/cwt., 42% higher than last year.

But it looks like the tightest supplies and highest prices are behind us. For example, federally inspected cattle slaughter the last two weeks averaged 3.7% below a year ago. In contrast, slaughter during the four prior weeks averaged 10% smaller than in 2002. Moreover, dressed steer weights in recent weeks have been increasing, contra-seasonally, as recent slow marketing rates mean cattle are being marketed with more days on feed and, hence, heavier weights.

Today's on feed report confirmed that the U.S. on feed inventory was larger than last year for the second month in a row. But the increase (+4%) was on the low end of trade expectations. Placements of cattle on feed were somewhat smaller than expected (-3%), but reported marketings were larger than the trade expected, prior to the report's release. Although the report is somewhat encouraging, it's still clear that the tightest cattle and beef supplies are behind us.

Boxed beef and slaughter cattle prices have weakened recently as the cattle slaughter pace picked up, weights started rising, and evidence mounted that consumers were finally facing substantially higher beef prices. Placements of cattle in Canada are finally approaching last year's level (down 3% in November), which means supplies of beef coming from Canada will rise this winter. How quickly the U.S. border opens up to imports of Canadian cattle will impact beef supplies in 2004. At this point, it looks like it will be early spring (at the earliest) before Canadian cattle move into the U.S.

Look for boxed beef and slaughter cattle prices to continue to erode in early 2004, barring the onset of severe winter weather in the Plains states. After averaging about \$99 in fall 2003, Kansas slaughter cattle prices during winter 2004 could drop back to a high \$80's average. And prices could decline further during April-June, likely averaging in the low \$80's. Cattle feeders should exhibit caution when bidding on replacements.

**For a more detailed narrative visit [www.agecon.ksu.edu/livestock](http://www.agecon.ksu.edu/livestock)**